

EBS/86/17

CONFIDENTIAL

January 23, 1986

To: Members of the Executive Board
From: The Secretary
Subject: Communication from the Arab Monetary Fund

The Managing Director has received the following communication from the President of the Arab Monetary Fund:

This communication is pursuant to the U.S. Executive Order entitled "Blocking Libyan Government Property in the United States or Held by U.S. Persons" issued on January 8, 1986.

The issuance of the aforesaid Order has heightened the concerns of the Arab Monetary Fund with regard to both the basis of such action and the scope of its implications for the international monetary system. Reflecting these concerns, the Arab Monetary Fund, who shares with the International Monetary Fund a clear interest in the preservation of the viability and stability of the system, wishes to emphasize that the measures involved are unwarranted and violate the spirit of international law. The gravity of these measures is exacerbated in particular by the fact that they have been adopted by a major International Monetary Fund member country and participant in a system in which it assumes a crucial role as a reserve currency center. These measures are therefore entirely at variance with the responsibilities incumbent upon such a country. By impairing the ability of a member country to discharge its international obligations in accordance with the International Monetary Fund Articles of Agreement, such measures threaten to disrupt the orderly settlement of current payments and other transactions at the global level and to distort exchange rate movements. This would also harm confidence in international financial markets with detrimental implications for international flows of resources and investments at the very time when the need for such flows is at its highest.

It is our hope that the International Monetary Fund's position on the matter would pay due regard to the considerations and concerns highlighted above.

Best regards

Saeed Ahmed Ghobash
President
Arab Monetary Fund